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Environmental Quality Commission

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Scott Smith, Chair, *Lexington*
Gordon Garner, Vice-Chair, *Prospect*
Andrew Ernest, *Bowling Green*
Rebecca Farris, *Lexington*
Eugene Zick, *Russellville*
Laura Knoth, *Grand Rivers*

KENTUCKY ENVIRONMENTAL QUALITY COMMISSION PUBLIC FORUM

Meeting Minutes

May 10, 2007

Hopkinsville Lackey Municipal Building
Hopkinsville, Kentucky

EQC Commissioners Present

Andrew Ernest
Eugene Zick
Laura Knoth
Scott Smith, Chair
Gordon Garner, Vice-Chair

EQC Staff Present

Jo Hargis, Executive Director
Johnna McHugh, Director of Operations
LaTisha Barnett, Executive Secretary

Speakers/Representatives Present

Lloyd Cress, Deputy Secretary, Ky Environmental and Public Protection Cabinet
Karen Wilson, Governor's Office of Energy Policy
John Davies, Governor's Office of Energy Policy
Mick Henderson, General Manager, Commonwealth Agri-Energy, LLC
John Wright, Owensboro Grain Biodiesel, LLC
Rusty Ashcraft, Alliance Coal Company, LLC
John Talbert, Big Sandy Rivers Electric Corporation
Don Challman, Director, Center for Applied Energy Research, University of Kentucky

The Environmental Quality Commission (EQC) held a public forum on May 10, 2007, for the purpose of discussing energy issues within the commonwealth and the nation. There were approximately 34 people present in the audience. The meeting was called to order at 6:30 p.m. Scott Smith began the meeting by introducing Senator Pendleton. Senator Pendleton welcomed everyone to Hopkinsville. He mentioned how important energy issues are and that he looks forward to our continued efforts. Scott Smith went on to say that the EQC had old business to finish before continuing the meeting. A motion was made by Eugene Zick and seconded by Laura Knoth to accept the minutes from the previous meeting. The motion passed and the minutes were accepted.



Karen Wilson from the Governor's Office of Energy Policy (GOEP) provided an overview of the GOEP. Its mission is to implement the 54 recommendations in the Governor's Comprehensive Energy Strategy. Its guiding principles include maintaining Kentucky's low cost energy, responsibly developing Kentucky's energy resources and preserving Kentucky's commitment to environmental quality. Projects that the GOEP is funding include UK Bio-systems & Ag Engineering, UK Plant & Soil Sciences, The UK Center for Applied Energy Research and the University of Louisville's Department of Chemical Engineering.

John Davies from the Governor's Office of Energy Policy briefly discussed sustainability in buildings. John stressed two major points. First, if you are involved in a new building, ask for sustainability. Second, build and measure to a higher standard than just meeting building codes.

Lloyd Cress discussed the importance of the EQC and its efforts to take public meeting outside of Frankfort to places such as Christian County. Lloyd also discussed the efforts and progress the commonwealth has made in energy issues. Mine safety is a big issue and testing has increased to prevent drug abuse. Steps are being taken to improve the environmental permit process and its appeals process. Lloyd said the Cabinet is moving towards achieving its environmental goals. The big picture is that at the end of the day we have cleaner air.

Mick Henderson, general manager of Commonwealth Agri-Energy, LLC discussed the future of ethanol as it relates to Kentucky's environment. There are 118 ethanol refineries nationwide, and they produce over 6 billion gallons of ethanol. Mick's plant is the second largest in the southeast. He explained that they produce ethanol to reduce natural gas cost. With their method, ethanol pays the bills, while the corn they produce brings in the profit. The state saves approximately \$75 million and the local economy saves approximately \$135 million.

John Wright of Owensboro Grain Biodiesel, LLC discussed the future of biodiesel as it relates to Kentucky's environment. John is 4th generation in the biodiesel industry. He explained that in the 70's and 80's there were approximately 140 soybean companies. Today, there are 13. There are 5 primary market segments: 1) regulated fleet, 2) agricultural/ off-road fleet, 3) environmental, 4) commercial trucking, and 5) waterways. Demand will continue to tax the supply chain. We must embrace change.

Rusty Ashcraft of Alliance Coal Company, LLC discussed emerging issues in the future of coal. One issue was the 404 permit process as affected by the Rapanos decision. He explained that there is a two step process that was not expected. It could be interpreted that everything is jurisdictional. Another issue involves section 402 of the Clean Water Act. Rusty explained that many forms of Selenium are not toxic, but in large amounts it can be. Other permitting issues were discussed. Time frames are unreasonable and lead to an inability to respond to rapid changes in the marketplace or to energy demands. Rusty



concluded that duplicitous reviews need to be avoided and there needs to be integrated reviews by the state and federal governments for energy independence.

Russ Pogue of Big Rivers Electric Corporation was unable to present his presentation therefore, John Talbert stood in for him. John discussed practical energy efficiency. Compact fluorescent lamps (one bulb) save \$5 per year. An efficient home saves approximately \$59 per month. Customers need to know about individual decisions that make a substantial impact to energy efficiency. The corporation will pilot 2 workshops for educating customers to discuss low income to low costs in Kentucky.

Don Challman, Associate Director of the Center for Applied Energy Research at the University of Kentucky, discussed energy research at the university. There are 6 areas of important competencies: 1) energy supply, 2) energy conversion, 3) energy and environmental quality, 4) energy efficiency and sustainability, 5) advanced materials, sensors, and controls, and 6) energy and environmental policy. The thought for the future is to have near - zero emission electric power by switching to the alternatives such as wind, biomass, solar, nuclear, and hydrogen. Each alternative has its bad points. What is needed is an affordable, clean, and abundant energy source – yet there is no known source that meets these criteria.

The floor was then opened to the public for questions and comments.

Citizens posed the following questions/concerns regarding various energy topics:

- 1. Does coal liquefaction make good business sense?**
- 2. What happens to the residual water upon completion of the coal liquefaction process?**
- 3. The EQC was asked to support House Bill 385.** This is an act relating to surface mining. House Bill 385 would *“amend KRS 350.450 to change requirements relating to restoration to original contour of surface mines, and to require that when all requirements of the amended KRS 350.450 are met.”*
- 4. The EQC was asked to support House Bill 5.** This is an act relating to energy independence. *“Create a new section of KRS Chapter 45A to encourage the Finance and Administration Cabinet to develop a strategy to utilize the ENERGY STAR system in new construction designs for proposed state facilities and measure the energy efficiency of existing facilities; direct the Finance and Administration Cabinet to develop a*

strategy to replace state-owned passenger vehicles and light trucks with alternative fuel vehicles.”

The Environmental Quality Commission assured the citizens they would address these concerns.

Discussion/vote on proposed air regulations –

Lona Brewer (Division for Air Quality) discussed the Division for Air Quality's amendment to Clean Air Interstate Rule for emissions of oxides of nitrogen (CAIR NO_x). A motion was made by Scott Smith to accept the amendment to CAIR NO_x, seconded by Gordon Garner, and passed unanimously. Lona mentioned that the mercury rule went to the subcommittee the day before. Scott Smith asked about the price of mercury and where the funds go. Lona informed everyone that the rate is about \$600 - \$5,000 an ounce and the money goes to a general fund (KY 98% and 2% open market – a year). Scott requested that he meet with Lloyd Cress to research how to bring that money back to the Environmental and Public Protection Cabinet. A motion was made by Laura Knoth to request a meeting between Scott and Lloyd Cress to research the issue. The motion was seconded by Andrew Ernest and passed unanimously.

Discussion/vote on proposed water regulations –

Donna Marlin (Division of Water) discussed proposed drinking water regulations. There were language issues in 13A that needed correction. A motion was made by Gordon Garner to accept the language changes, seconded by Laura Knoth, and passed unanimously. 401 KAR 5:200 is out of date and should be repealed. A motion was made by Gordon Garner to accept the repeal, seconded by Andrew Ernest, and passed unanimously.

Discussion/vote on proposed waste management regulations –

Tony Hatton (Division of Waste Management) presented a summary of changes to Hazardous Waste regulations. Gordon Garner made a motion to accept. The motion was seconded by Laura Knoth and passed unanimously.

OTHER BUSINESS

EPPC Reference Guide – We are getting bids now to see who will produce the document for us. The document should be printed before the end of the fiscal year.

Annual Meeting – July 19, 2007 – Cumberland Falls – discussion for other dates were made. Possibly August 9-10.

Discussion of EQC Projects/Reports – Projects included but are not limited to: 1) biomass – trees, 2) energy project, 3) septic systems, 4) science of push for coal, 5) CO₂ education - economics compared to the rest of the county.



Scott Smith motioned to adjourn the meeting and Gordon Garner seconded the motion. The motion was unanimously passed and the meeting adjourned at 10:40 p.m.

Signed,

A handwritten signature in dark ink, appearing to read "Scott R. Smith", written in a cursive style.

Scott Smith, EQC Chair
August 8, 2007